

Urban Revitalization Pilot Program

Final Report

January 2015

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I. Introduction

Public Act 12-1 of the June Special Session, among other things, created the Urban Revitalization Pilot Program.¹ As stated in Public Act 12-1, “the Commissioner of Economic and Community Development shall, within existing resources of the department, establish an urban revitalization pilot program to foster the revitalization and stabilization of urban neighborhoods by facilitating the acquisition and renovation of one to four-family homes and prioritizing owner-occupancy of such homes.”

Public Act 12-1 further provides that “the Commissioner of Economic and Community Development ... shall submit the following to the joint standing committee of the General Assembly having cognizance of matters relating to housing: (1) A status report on the program not later than February 1, 2013; (2) an interim report on the program not later than January 1, 2014; and (3) a final report on the program not later than January 1, 2015.”

In accordance with Public Act 12-1, DECD submitted a status report in which it provided an overview of the activities it had undertaken to establish the Urban Revitalization Pilot Program (the “First Status Report”).

Since DECD had not yet completed its process to select one or more parties to undertake an Urban Revitalization Pilot Program, DECD submitted an additional status report on March 29, 2013 to the joint standing committee of the General Assembly having cognizance of matters relating to housing describing the additional progress DECD had made to realize the statutory goals of the Program.

Effective July 1, 2013, Public Act 13-234 transferred the responsibility for administering the Urban Revitalization Pilot Program to the Department of Housing (DOH).

In accordance with Public Act 12-1 DOH submitted the January 2014 interim report on the Program which provided the details of the progress DECD and DOH made between March and December 2013 to realize the statutory goals of the Program.

In accordance with Public Act 12-1, DOH is submitting the January 2015 final report on the Program. This report is intended to provide an overview of the Program and the details of the progress DOH has made since January 2014 to realize the statutory goals of the Urban Revitalization Pilot Program.

II. Vision

¹ A copy of the relevant portion of Pubic Act 12-1 of the June 2012 Special Session is attached as Appendix A.



The Urban Revitalization Pilot Program is intended to test the potential for sustainable urban revitalization by focusing on the redevelopment and rehabilitation of the kind of properties that are predominate in Connecticut's urban neighborhoods – one to four family homes. Blighted properties are to be rehabilitated or replaced and new in-fill development added. Affordable homeownership opportunities and supporting programs will anchor and stabilize the community, marking a return to the tradition of owner-occupied, multi-family properties. Investments will be strategically targeted for maximum immediate impact and to promote and protect new investment in adjacent neighborhoods.

State financial assistance is the catalyst for this revitalization but the effort should also draw resources from a wide range of stakeholders able collectively to contribute a diverse array of resources that in concert reconstruct and revive the community. For example, financial resources to supplement the State's financial assistance may be provided by private investors, commercial and community-based lenders, homebuyers investing their equity, charitable foundations, local employers, the city and/or federal sources. Other key resources might include, for example, job training and financial literacy programs, health and wellness initiatives, neighborhood clean-up efforts, new or expanded educational programming and after-school activities, expedited permitting processes, public infrastructure investments, new arts and cultural programs and community policing efforts. Through this multi-party, multi-sector collaboration, the aim is to reconstruct the fabric of the neighborhood and ultimately the city as a whole. It is an ambitious concept but one that has the potential to effectuate tremendous and sustainable change in a community.

III. Competition and Program Awards

DECD initiated a competitive process in September 2012 to encourage municipalities, developers, and other stakeholders to develop proposals for the local implementation of the Urban Revitalization Pilot Program.

DECD solicited such proposals through a Notice of Funding Availability (the "NOFA"). The NOFA invited eligible applicants to submit a program of their own design that could effectively and efficiently achieve one or more of three specific goals, including creating "an urban revitalization pilot program that fosters the revitalization and stabilization of one or more urban neighborhoods consistent with P.A. 12-1, § 197." Of the twenty-two applications DECD received, six proposed a plan to implement an Urban Revitalization Pilot Program, each in a different manner.

As part of its review of these proposed programs, DECD submitted questions to many of the applicants seeking additional information, clarifications, and, in some cases, justifications for one or more aspects of a particular proposal.



After reviewing these responses, during January and February 2013, DECD interviewed over half of the teams that submitted applications. DECD staff subsequently recommended programs to implement the Urban Revitalization Pilot Program.

On May 21, 2013, Governor Malloy and newly appointed Department of Housing Commissioner, Evonne Klein, announced funding for the selected programs designed to implement the Urban Revitalization Pilot Program.

IV. Local Programs Overview

The following is an initial description of each local program:

Connecticut Housing Investment Fund (CHIF): \$1,600,000

CHIF will work with the Town of East Hartford and the City of Waterbury to implement a comprehensive program of community revitalization and stabilization in targeted neighborhoods in each municipality by developing and coordinating local resources and services that will facilitate the acquisition and renovation of one-to-four family homes and prioritize owner-occupancy of such homes. The program in each municipality will offer low or interest free loans to encourage private developers to purchase, rehabilitate, and, for a short period of time, maintain at-risk properties in order to stabilize these neighborhoods. These properties will be transitioned to owner-occupied homes through incentives and opportunities for local residents to become homeowners.

CHIF partners in East Hartford include the Chamber of Commerce, CT Property Owner's Alliance, CL&P Home Energy Solutions, and several organizations offering first-time homebuyer training. The target neighborhood is a multi-street area along Burnside Avenue with boundaries to be determined in partnership with the Town of East Hartford.

CHIF partners in Waterbury include the Greater Waterbury Board of Realtors, CT Property Owner's Alliance, New Opportunities, Inc., CT Efficient Healthy Homes Initiative and Waterbury Neighborhood Housing Services. The target neighborhood is a multi-street area in the Crownbrook neighborhood, with boundaries to be determined in partnership with the City of Waterbury.

Mutual Housing Association of South Central Connecticut (MHA): \$1,000,000

MHA will create an urban revitalization program near Waterbury's downtown. The program will redevelop the Gaffney Place neighborhood by acquiring, rehabilitating, and selling several two- and three-family properties to owner-occupants, redesigning the street for traffic and pedestrian safety, and improving facades on non-redeveloped



properties. Proceeds of home sales will be used to fund additional acquisition and rehabilitation of properties in the vicinity.

MHA partners include the Harold Webster Smith Foundation, CT Community Foundation, Historic Hillside Neighborhood Association, and Webster Bank, which will offer homebuyer assistance to employees wishing to purchase homes in this area.

V. Funding and Contracting

At its June 21, 2013 meeting, the State Bond Commission approved a block of funding to DECD for these programs from the Affordable Housing program (FLEX), as authorized under Section 28 of Public Act 11-57.

In September 2013, DOH provided each awardee with an initial commitment letter and term sheet for review and negotiation of program-specific details needed for contracting purposes. DOH staff worked with grantees to ensure that each program would be in compliance with Affordable Housing statutory requirements. For example, each dwelling unit must be affordable to tenant and/or homebuyer households with incomes that do not exceed 100% of the area median income. Affordability will be enforced by means of a restrictive covenant recorded on the land records.

In addition the DOH term sheet commitment letter required each third party administrator to provide proposed "Program Parameters" - program implementation details including information evidencing how the program will meet the requirements of the Urban Revitalization Pilot Program. In the final quarter of 2013 DOH staff reviewed these submissions and worked with grantees to finalize them for inclusion as a contract document to establish a baseline for ongoing oversight by DOH.

VI. Implementation

The Program Parameters document for both the CHIF and MHA programs is attached to this report. It provides implementation details of the third party administrator, as well as the roles and responsibilities of local stakeholders and providers.

An update on, and overview of, the accomplishments to date for each program follows:

A. Connecticut Housing Investment Fund (CHIF):

DOH and CHIF have been working through several aspects of the DOH assistance agreement, including the individual borrower documents, in preparation for closing in January 2015. CHIF has been working steadily with its community partners in both



Waterbury and East Hartford to assist in developing a solid foundation for sustainable local oversight of the urban revitalization program in each municipality.

In East Hartford, the Chamber of Commerce, with support from the mayor's office, has begun the coordination of local resources and outreach to local businesses. CHIF has engaged an intern from Eastern CT State University to work out of the chamber offices, which are located in the heart of the target neighborhood, to provide local program and resource coordination. Approximately twenty streets along both sides of Main Street between Burnside Avenue and CT Boulevard have been identified for consideration in the program. The overall area includes a number two-to-four unit properties, as well as areas of blight within fairly stable one-family neighborhoods. Four properties are in the initial stages of selection to begin the program.

CHIF anticipates drawing on the expertise and resources of the CT Property Owners Alliance, Mutual Housing Association of Greater Hartford, the Community Renewal Team, and the Urban League for homebuyer, financial literacy and landlord training, as well as organizing and community outreach. Potential developer support may be provided by the Corporation for Independent Living, NAEK Construction, and other local developers. In addition, CL&P will provide energy efficiency assessments and improvements, and the Dept of Public Health will assist with delivering assessments of health, safety and energy efficiency needs through its CT Efficient Healthy Homes Initiatives.

In Waterbury the CT Property Owners Alliance has officially begun local management of the program. The Greater Waterbury Board of Realtors in conjunction with the Alliance has been organizing property owners in the Crownbrook neighborhood to help create a sense of ownership, communication, and security for the area, and to begin to identify potential investors and new owners. They have conducted several "Front Porch" sessions to bring residents out to meet and work on cleaning up their yards and the neighborhood. In the process they have mapped out the community and property ownership, and identified building code issues and blighted properties. Health and safety as well as energy efficiency are expected to be significant rehabilitation aspects of the program which may be enhanced by the involvement of New Opportunities for Waterbury through a Healthy Impact Assessment pilot. In addition, Waterbury Neighborhood Housing Services is expected to offer homebuyer training including lease-to-own strategies.

As the overall administrator CHIF has developed detailed baseline data for the performance metrics it will track for each targeted neighborhood for local reporting purposes. In addition to the data required for monthly reporting to DOH, metrics include loan type (deferred/forgivable/micro), acquisition and rehabilitation amounts per loan, sales to developers and owner occupants, downpayment assistance provided, energy assessments and improvements, and funding per property, lead remediation



totals, and homebuyer/landlord training. For both the East Hartford and Waterbury programs CHIF has identified a number of local banks and other lenders ready to provide permanent financing for program properties.

B. Mutual Housing Association of South Central Connecticut (MHA):

The Mutual Housing Association contracted with DOH in August 2014. MHA has substantially completed the construction stage of its "Gaffney Place Revitalization" encompassing the following five properties: 53, 59, and 61 Gaffney Place, and 44 and 48 Central Avenue. Four historic homes were rehabilitated and one structure was demolished and replaced with a newly constructed home designed in keeping with the Queen Anne style prominent on the street. Each house has a homeowner unit and one rental unit creating income for the buyer; a total of ten new units of affordable housing. In addition, the planned street work has been substantially completed and the road has been reopened to traffic. Several photos of the houses and street are included with this report.

MHA anticipates certificates of occupancy in January, and along with its partners, has begun the process of marketing the five houses to income qualified homebuyers. They anticipate that most or all will be first-time homebuyers. Webster Bank's Employer Assisted Housing Program is offering a five year \$10,000 forgivable loan to eligible employees interested in purchasing any of the Gaffney Place properties. In addition, Webster is offering a financial incentive for eligible employees interested in renting an apartment within any of the houses. Webster will offer its HOPE mortgage product as a viable option for moderate income buyers whether or not they are employees.

Neighborworks New Horizons has conducted several homebuyer classes in Waterbury and has additional classes scheduled. In addition, the Housing Development Fund will be providing training specifically designed to assist homebuyers with the challenges of being a landlord.

The Waterbury Community Investment LLC was created to ensure local input, control, and oversight of the program. It includes representatives of the police department, the YMCA, the mayor's office, local business, and the Harold Webster Smith Foundation. The WCI board continues to guide the neighborhood revitalization program through strategic planning and community outreach.

All leveraged funding has been provided to the program and all state funds have been advanced. A ribbon cutting is planned for January 2015.



VII. Next Steps

DOH will continue to provide ongoing monitoring and oversight of each program throughout the remaining implementation and close-out stages and beyond. Third-party administrators will continue to report on programmatic and financial activities, including progress in achieving specific and quantifiable goals. DOH will obtain, at a minimum, a summary of all expenditures of state funds and any program income, the address of each property assisted, the number of units for which a loan or grant was made, and the number of affordable units constructed.

DOH will continue to work with the program administrators to ensure additional commitments of resources that are needed are obtained for the ongoing operation of programs, and to enhance any modifications to programmatic parameters based on actual experience.

Both CHIF and MHA have demonstrated that their programs are accomplishing the objectives of the Urban Revitalization Pilot Program including: increasing homeownership; rehabilitating blighted one- to four-family properties; increasing energy efficiency in homes; providing homebuyer training, including landlord training, to maximize the likelihood of sustained homeownership; concentrating resources in target neighborhoods; and drawing on diverse public and private funding sources and programs.

In accordance with Public Act 12-1, DOH is pleased to provide this final report on the Urban Revitalization Pilot Program, as of January 1, 2015, to the joint standing committee of the General Assembly having cognizance of matters relating to housing.



Appendix A

Statutory Authority

Please note that Public Act 13-234 transferred the responsibility for administering the Urban Revitalization Pilot Program to the Department of Housing.

Public Act 12-1, June Special Session (relevant text only included below)

Sec. 197. (NEW) (*Effective from passage*) (a) The Commissioner of Economic and Community Development shall, within existing resources of the department, establish an urban revitalization pilot program to foster the revitalization and stabilization of urban neighborhoods by facilitating the acquisition and renovation of one to four-family homes and prioritizing owner-occupancy of such homes. Such program shall be implemented in one or more distressed municipalities, as defined in section 32-9p of the general statutes, as amended by this act. The commissioner may contract with one or more state-wide nonprofit organizations to administer the program.

(b) The goal of the program shall be to increase homeownership in targeted neighborhoods containing high proportions of one to four-family homes, giving priority to promoting owner-occupancy in buildings that are for sale, vacant, deteriorated, in foreclosure, bank-owned or investor-owned. The program administrator shall target neighborhoods in which concentrated resources can have a substantial impact on revitalizing and stabilizing the surrounding community. The program administrator shall recruit community stakeholders to provide active support for the program, including local banks, local boards of realtors, neighborhood revitalization zone committees, community-based organizations, community development financial institutions and similar entities. The program administrator shall, as necessary to accomplish program goals:

(1) Draw on diverse public and private funding sources and programs, including foundations, local loan funds and programs administered by departments or agencies other than the Department of Economic and Community Development, including the Connecticut Housing Finance Authority, and use public funds to leverage private resources;

(2) Provide financing or investment to support property purchase, rehabilitation, construction, demolition, energy efficiency and aesthetic improvements, including provision of financial products that promote homeownership, such as down payment assistance, and identify other financial resources to support such activities;



(3) Offer incentives to investors to develop tenants into owners, apply income restrictions to housing units in order to ensure affordability, and conduct energy efficiency improvements in order to meet weatherization goals;

(4) Identify and coordinate access for program participants to rental assistance and foreclosure prevention resources and to other resources that will increase homeownership, stabilize or decrease occupancy costs and stabilize neighborhoods;

(5) Provide assistance to individuals who are or who will become homeowners and to nonprofit and for-profit entities that will purchase and rehabilitate properties to sell to individuals who will become homeowners;

(6) Provide support services for program participants who are or who will become homeowners so as to maximize the likelihood of their success in maintaining homeownership on a long-term basis, including training in skills necessary to be an effective landlord and assistance in resolving problems that may arise after closing on a home;

(7) Identify and structure incentives to encourage participation in the program by lenders, investors and developers with a goal of promoting homeownership; and

(8) Assist program participants in locating purchase financing and counseling before and after any purchase and direct such participants to programs that provide deferred, low or no interest or forgivable loans, including the Rental Housing Revolving Loan Fund established pursuant to section 8-37vv of the general statutes.

(c) Any person who receives assistance through the program established by this section to purchase a home shall agree (1) to occupy such home or a unit in such home as such person's primary residence for not less than five years, or (2) to transfer such home to a person who will agree to occupy such home or a unit in such home as such person's primary residence for not less than five years. Priority for participation in the program may be given to persons who will become first-time homebuyers and to persons who are living in a neighborhood targeted by the program.

(d) The Commissioner of Economic and Community Development, shall establish the parameters of the program not later than October 1, 2012, and shall designate one or more municipalities to participate in the program not later than January 1, 2013. The commissioner, in accordance with section 11-4a of the general statutes, shall submit the following to the joint standing committee of the General Assembly having cognizance of matters relating to housing: (1) A status report on the program not later than February 1, 2013; (2) an interim report on the program not later than January 1, 2014; and (3) a final report on the program not later than January 1, 2015.

